

☐ UNCLASSIFIED ☒ INTERNAL USE ONLY ☐ CONFIDENTIAL ☐ SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Draft Executive Order on Personnel Security

FROM:

Chairman, Security Committee

EXTENSION

NO.

SECOM-D-272

DATE

26 August 1977

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. EO/ICS

26 Aug 1977

2.

3. A/D/DCI/IC

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26 Aug 77

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SECOM-D-272
26 August 1977

MEMORANDUM FOR: Acting Deputy to the DCI for the
Intelligence Community

FROM :
Chairman, Security Committee

SUBJECT : Draft Executive Order on Personnel Security

1. This is to alert you to a potential problem which has been and may again become of direct concern to the DCI.

2. Last fall OMB circulated a draft revision of Executive Order 10450 to establish "suitability requirements for Government employment." That was the outcome of an effort ("Project Ten") begun in mid-1974 under the auspices of the Domestic Council's Committee on the Right of Privacy. The Project Ten task force (from Civil Service, State, Treasury, Justice, and chaired by Defense) did not provide for Intelligence Community input to the drafting process. That task force concluded, reasonably enough, that existing personnel security practices in the Government vary excessively, and are sometimes insufficient to provide adequate security assurances. Their draft revision of E.O. 10450, however, went much too far in trying to prescribe uniformity and provide for employee and applicant rights of notice, rebuttal, and appeal. The DCI objected strongly to the draft Order, noting the inadequacy of the proposed standards for access to sensitive intelligence information and the apparent conflict between the draft Order and his statutory termination authority (copy of his memorandum at Attachment A). Shortly after the DCI letter was sent, OLC contacted the attorney in OMB who was staffing the proposed Order. He was very unreceptive to OLC's suggestion that a meeting be arranged to discuss the serious objections to the draft (Justice as well as DCI), and made it clear that OMB would run the whole show--considering agency comments and revising the draft as it saw fit. The OMB General Counsel next wrote the DCI asking for particulars on changes the Intelligence Community believed needed to make the draft Order acceptable. The DCI did so (copy at Attachment B); asked that he be kept informed of future developments in this area; and stated his desire for Intelligence Community requirements to be reflected fully in the later draft, or, absent such, that the Community be exempted from the Order's provisions. Nothing further was heard of this matter for several months.

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3. In early 1977, the Security Committee, recognizing that we needed a current evaluation of what personnel security investigative procedures were necessary and useful, arranged for a pilot study of such among Community components. The study, done during the March-May 1977 period, did not include enough cases to justify final conclusions, but highly tentative judgments suggest that neither the Community's standards expressed in DCID 1/14 nor the proposed Order's standards are as closely keyed to current circumstances as they should be (the DCID seems closer to the mark than the draft Order). We hope to obtain Security Committee concurrence to extend the study to obtain enough data to justify arguments for new personnel security investigative criteria, and to have the study cover all Community agencies (CIA did not fully participate in the spring study). We will have to have a comprehensive study and analysis of our own if we expect to rebut effectively the arguments of Civil Service and Defense on what is and is not needed in personnel security coverage.

4. The basic issue surfaced again in June 1977 in the PRM-29 exercise to review and revise the security classification system. The Defense representative on the PRM-29 Ad Hoc Committee argued that the new Executive Order on security classification should prescribe uniformity in personnel security standards. His goal was uniformity at the standards of the draft revision of E.O. 10450. The PRM-29 Ad Hoc Committee decided against him, but agreed that the wide disparity in personnel security standards for access to information of the same classification level was unacceptable. The report to the SCC on PRM-29 deliberations recommended SCC approval of expanding the effort to revise E.O. 10450 so as to cover personnel security for all needing access to classified information--Government employees, active duty military, and contractor employees. The SCC concurred. We expected that this expansion of the subject (E.O. 10450 covers only civilian employees; contractors are covered by E.O. 10865; military personnel by Defense regulations) would logically entail setting up a new working group to examine the matter from the new, broader context. So far, not so. At the 25 August 1977 meeting of the drafting committee for the new Order on security classification, [redacted] asked about the status of this matter. Mr. Kienlen, OMB, said he was responsible for revising the E.O. 10450 draft; that he was close to having a finished version, which would be sent out by OMB for formal comment when completed; and that he had no plans to set up any meetings to consult with agencies which had concerns in this area. Mr. Kienlen has no background in intelligence or security. The bottom line here appears to be that the ongoing approach to revising the Order on personnel security is likely to give us a new draft not much more responsive to the Community's needs than was the late 1976 version.

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5. You may wish to bring this potential problem to the DCI's attention, and suggest to him that he contact OMB or the NSC informally on this matter to ask for a more open process involving the Community. I am concerned that if the process is not fully responsive to Community interests and needs, the new Order in personnel security may cloud or override provisions in E.O. 11905 which give the DCI authority to set security standards for access to foreign intelligence.



Attachments:

- A. Ltr to Hon. Lynn, dated 19Oct76
- B. Ltr to Hon. Lynn, dated 23Dec76
(w/o enclosures)

*Oh! This sounds
like something
I may want to do or to
do.*

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DCI/IC/SECOM: 26Aug77

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